

(7 pages)

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Code No. : 10309 E Sub. Code : CMEC 62

B.A. (CBCS) DEGREE EXAMINATION, APRIL 2025.

Sixth Semester

Economics — Core

PUBLIC FINANCE – II

(For those who joined in July 2021 and 2022 only)

Time : Three hours Maximum : 75 marks.

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The term 'merit goods' was introduced by
  - (a) Musgrave
  - (b) Dalton
  - (c) Bastable
  - (d) Samuelson
2. Of those listed below, the best example of a pure public good is
  - (a) A radio broadcast
  - (b) A book
  - (c) A rock concert held in a small auditorium
  - (d) A state lottery

3. In which of the following countries, zero-based budgeting was first adopted?
  - (a) U.S.A
  - (b) France
  - (c) India
  - (d) Germany
4. Which of these budgets suits developing economies including India?
  - (a) Deficit budget
  - (b) Surplus budget
  - (c) Balanced budget
  - (d) Capital Budget
5. Fiscal policy can be used to combat a recession by:
  - (a) Reducing government spending
  - (b) Increasing taxes
  - (c) Increasing government spending
  - (d) Increasing interest rates
6. Budget' is an instrument of
  - (a) Monetary policy of the government
  - (b) Commercial policy of the government
  - (c) Fiscal policy of the government
  - (d) Money-saving policy of the government

7. Which of the following is NOT a function of Gram panchayats?
- (a) Establishment and Maintenance of local markets
  - (b) Transport facilities
  - (c) Prevention of contagious diseases
  - (d) Lighting of village streets
8. The 73<sup>rd</sup> constitutional amendment is related to which of the following factors?
- (a) Women will have 33% reservation in PRIs.
  - (b) Women will have 33% reservation in urban local bodies
  - (c) Women will have 33% reservation in jobs
  - (d) All of the above
9. Who among the following was the Chairman of the First Finance Commission of India?
- (a) Shri Santhanam
  - (b) Shri K.C. Neogy
  - (c) Dr. Raj Mannar
  - (d) Shri A.K. Chanda

10. Which of the following states got the highest share in taxes by the 14<sup>th</sup> Finance commission recommendation?
- (a) Maharashtra
  - (b) Uttar Pradesh
  - (c) Bihar
  - (d) Madhya Pradesh

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the concept of merit goods with a suitable example.
- Or
- (b) Is it possible to provide public goods at a private market? Explain.
12. (a) Discuss the important objectives of the modern government's budget.
- Or
- (b) What is performance budgeting? Explain the conditions for the success of Performance budgeting.

13. (a) Describe the objectives of Fiscal policy in India.

Or

(b) Explain Anti-Inflationary Fiscal policy.

14. (a) Summarise the functions of Local government.

Or

(b) What is Gram Sabhas? Explain the functions of Gram Sabhas.

15. (a) Write a brief note on Federal finance.

Or

(b) State the functions of the Finance Commission in India.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Define the terms private and public goods and make a clear distinction between them.

Or

Page 5 Code No. : 10309 E

(b) Explain the following with Examinees :

(i) Pure private goods

(ii) Pure public goods and

(iii) Mixed goods

17. (a) Explain the procedure of budgeting in India.

Or

(b) Write short notes on:

(i) Balanced and Unbalanced Budget and

(ii) Revenue and Capital Budget

18. (a) Analyze the role of Fiscal policy for economic stabilization.

Or

(b) Evaluate the usefulness and limitations of Fiscal policy in a developing economy.

19. (a) Examine the main sources of finances of Local bodies in India.

Or

(b) Analyse the problems encountered in local finance and indicate the steps to be taken to improve the local finance.

Page 6 Code No. : 10309 E

20. (a) Comment on the recommendations of the 15<sup>th</sup> Finance Commission.

Or

(b) Enunciate the role of the Finance Commission in settling imbalances in Financial resources among states.

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